

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 DOTE-00

EB-11 INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-20 NSC-07

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R 311730Z MAY 74

FM USMISSION BERLIN

TO AMEMBASSY BONN

SECSTATE WASHDC 3466

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

LIMITED OFFICIAL USE BERLIN 0920

E.O. 11652: N/A

TAGS: ETRN, WB

SUBJECT: POSSIBLE PAN AM MOVE TO TEGEL

REF: BERLIN 862; STATE 113992

1. SUMMARY: PAN AM AT "DECISIVE" SESSION WITH SENAT
MAY 30 TURNED DOWN LATTER'S OFFER RE MOVE TO TEGEL.
IN COURSE HOUSE OF REPRESENTATIVES DEBATE SAME DAY,
SENAT CRITICIZED PAN AM'S REQUEST FOR HIGHER SUBSIDY,
BUT CDU AND FDP SPOKESMEN WELCOMED PROSPECT BOTH
PAN AM AND BA WOULD CONTINUE TO USE TEMPELHOF.
END SUMMARY.

2. FOLLOWING WHAT WAS BILLED AS DECISIVE NEGOTIATING
SESSION MAY 30 BETWEEN PAN AM AND SENAT REPRESENTATIVES ON
PROPOSED MOVE TO TEGEL, PAN AM ANNOUNCED IT HAD TURNED
DOWN LATEST SENAT OFFER ON GROUNDS SUBSIDY WOULD NOT
COVER HIGHER TEGEL COSTS. PAN AM ALSO INDICATED
ITS SHARE OF MARKET WOULD DECLINE IF IT MOVED ALONE,
WHEREAS MOVE BY BOTH AIRLINES WAS FEASIBLE.

3. PAN AM DECISION AND RELATED AIR MATTERS WERE SUBJECT
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OF SCHEDULED GENERAL DEBATE IN BERLIN HOUSE OF
REPRESENTATIVES SAME DAY. IN COURSE OF PROCEEDINGS,

SENATOR KOENIG SAID PAN AM REQUEST FOR HIGHER SUBSIDY WAS UNECONOMIC AND, IN APPARENT REFERENCE TO PAN AM'S DESIRE FOR GUARANTEE AGAINST LOSS OF MARKET SHARE, WAS TECHNICALLY IMPOSSIBLE. HE ALSO SAID AIRLINES SHOULD REDUCE CAPACITY OFFERED ON IGS, NOTING THAT "NOWHERE ELSE ARE THERE FLIGHT DEPARTURES AT 15-MINUTE INTERVALS." IN ADDITION, HE GRATUITOUSLY QUESTIONED NEED FOR THREE MILITARY AIRPORTS, OBSERVING THERE WAS ONLY ONE FLIGHT PER WEEK FROM GATOW.

4. CDU SPOKESMAN LUMMER, ON OTHER HAND, ASKED SENAT TO DISCONTINUE NEGOTIATIONS WITH PAN AM, POINTING OUT THAT CONTINUED USE OF TEMPELHOF BY BOTH AIRLINES WOULD BENEFIT BOTH PASSENGERS AND TAXPAYERS. FDP SPOKESMAN LIEBIG IN TURN DESCRIBED PAN AM REFUSAL AS BLESSING FOR CITY. DEBATE IN HOUSE ALSO TOUCHED ON CURRENT FARE-INCREASE PROPOSAL, WITH FDP REP ARGUING THAT PUBLIC SUBSIDIES JUSTIFIED DEMAND THAT AIRLINES PUBLISH THEIR ACCOUNTS. CDU SUGGESTED FURTHER SUBSIDY, DRAWING ON BUDGET SAVINGS RESULTING FROM DROP IN NUMBER OF PASSENGERS, IF FARE INCREASE COULD NOT OTHERWISE BE KEPT UNDER 10 PERCENT. SENAT AND SPD REFUSED TO PROPOSE HIGHER SUBSIDY IN BONN, HOWEVER, "SINCE OTHER POSSIBILITIES SHOULD BE TRIED FIRST."

5. RE PAN AM'S DECISION ON MOVE TO TEGEL, BRITISH AIRWAYS REP SAID BA WAS PLEASED THAT PANAM WOULD NOT BE MOVING ALONE, AND, WHILE STILL INTERESTED IN TEGEL, BA WOULD NOT BE MOVING "WITH FLAGS FLYING." AIRPORT COMPANY (BFG) SAID TEGEL WOULD OPEN NOVEMBER 1 ON SCHEDULE, EVEN IF ONLY FOR AIR FRANCE AND CHARTER COMPANIES. TAGESSPIEGEL RECALLED ITS 1967 EDITORIAL URGING MORE MODEST PLANS FOR TEGEL.

6. COMMENT: DESPITE GAUDY PRESS PLAY OF EVENT-DESCRIBED ABOVE, PANAM AND SENAT HAVE NOT ACTUALLY REACHED END OF NEGOTIATING PROCESS. IT IS OF INTEREST IN THIS CONTEXT THAT PANAM COMPROMISED WITH BFG SOME TIME AGO BY CALCULATING REQUEST FOR SUBSIDY TO COVER ADDITIONAL TEGEL COSTS LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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ON ASSUMPTION NEXT TEMPELHOF RENT INCREASE IN EFFECT. PANAM ALSO TOLD MISSION IT IS RE-CALCULATING CONVERSION OF ITS SUBSIDY REQUEST TO LUMP-SUM AMOUNT ON BASIS 9 PERCENT INTEREST INSTEAD OF SIX PERCENT, BUT SENAT OFFER WOULD STILL BE ABOUT DM 4 MILLION SHORT.BORG

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